



The Solutions Network

Rochester, New York

Procuring Renewable Power

Setting an Example for the
Federal Community



GSA: Who Are We

- ❖ GSA as an agency manages Federal real property/leases and purchases various products and services needed by the Federal Government
- ❖ GSA's Energy Center of Expertise in conjunction with GSA Regional associates provides expertise to GSA and other agencies in the various energy related areas such as energy efficiency, energy tracking, energy procurement, and utility areawide contracts



GSA Deregulated Electric Market

- ❖ GSA's goal is to be active in procuring deregulated retail power in all deregulated states
- ❖ GSA has shopped for retail power in the following areas: CT, MA, RI, NH, ME, NY, NJ, PA, DE, MD, DC, OH, IL, TX, & CA
- ❖ GSA has 16 active power contracts in 9 states and DC
- ❖ 11 different contractors
- ❖ 793 MW of peak load under contract
- ❖ Approx. \$194 million/year under contract
- ❖ One national contractor – Strategic Energy



GSA Power Contracts

<u>LOCATION</u>	<u>CONTRACTOR</u>	<u>TERM</u> <u>MOS.</u>	<u>TOTAL</u> <u>ANNUAL KWH</u>	<u>DEMAND</u> <u>(MW)</u>	<u>TOTAL</u> <u>VALUE/YR</u>	<u>AVG. \$/KWH</u>
DC/MD	Pepco Energy Svcs	36	2,113,000,000	425	\$87,900,000	\$0.0416
New York City	AES New Energy	36	401,768,000	101	\$43,391,000	\$0.1080
Upstate NY	Select Energy	36	50,000,000	10	\$3,000,000	\$0.0602
CA	Strategic Energy	15	102,000,000	20	\$8,906,000	\$0.0873
Baltimore	Pepco Energy Svcs	32	222,500,000	38	\$8,822,500	\$0.0397
Texas	TXCommercialEnergy	36	142,700,000	35	\$6,992,400	\$0.0490
Texas	Tractabel Energy	36	77,000,000	15	\$4,141,000	\$0.0538
Texas	GEXA Energy	36	43,000,000	8	\$2,494,000	\$0.0580
MA/ME	TransCanada	24	237,200,000	55	\$10,231,094	\$0.0431
IL	Exelon	44	242,714,000	50	\$9,709,000	\$0.0400
PA	GreenMtn/Strategic	8 to 36	34,000,000	9	\$1,721,000	\$0.0506
NJ	Pepco Energy Svcs	30	18,000,000	6	\$1,186,500	\$0.0659
NJ	Pepco Energy Svcs	16-17	45,787,700	10	\$2,546,500	\$0.0556
NJ	First Energy	30	8,500,000	2	\$507,300	\$0.0597
Michigan	FirstEnergy	20	27,000,000	4	\$1,267,600	\$0.0469
Michigan	Strategic Energy	32	17,282,000	5	\$913,450	\$0.0529
			3,782,451,700	793	\$193,729,344	\$0.0512

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www.energy2004.ee.doe.gov



GSA Experiences

- ❖ Most of the contracted load is in the corridor from Washington, DC to Boston
- ❖ 56% of the consumption is in the Washington, DC area
- ❖ Approx. 35% of the consumption is for GSA buildings and that represents approx. 46% of GSA's national electric consumption
- ❖ 65% of the contracted load is for other agencies
- ❖ Average contract price is \$0.0512/kWh
- ❖ Avg. contract prices range from 3.97 to 10.8 cents/kWh



GSA Buying Group Features

- ❖ When buying for other agencies GSA generally requires an interagency commitment (MOA) to the buy prior to inclusion in the group so that GSA can go quickly to award
- ❖ MOAs are subject to certain conditions which are expressed in the solicitation
- ❖ Generally group like accounts together for pricing purposes
- ❖ Try to minimize cross account subsidization and maximize economies of scale



GSA Procurement Methods

- ❖ GSA has used a lowest priced technically acceptable procurement method to select suppliers (exception DC/MD buy)
- ❖ All buys are now two step – meaning that all technical submissions are obtained prior to obtaining price
- ❖ GSA obtains pricing in one of two ways:
 - Paper Fax (“Old Fashioned Method”)
 - Internet Auction Platform



GSA Procurement Process

- ❖ GSA obtained kWh data for scores of Federal and non Federal electric accounts.
- ❖ Statement of Work was prepared which included different percentages of green power and blends from different sources.
- ❖ Paper bids were received or reverse auctions were performed by the team of Science Applications International Corporation (SAIC) and World Energy Solutions (WES).



Pricing Approaches

- ❖ All pricing obtained to date has been some form of firm fixed price
- ❖ All auction awards have been for a flat \$/kWh though index pricing, discounts of index, rate schedule, guaranteed savings, and component based pricing can all be requested through the platform.
- ❖ The “Old Fashioned” pricing is more varied with flat \$/kWh pricing; rate schedule like pricing; and fixed percentage discounts off of Standard Offer Rates
- ❖ For DC/MD load in future, I foresee some form of rate schedule like pricing (on/off peak w/summer/winter – unsure about demand)



Timely Award

- ❖ Suppliers do not want to sit on their prices due to market volatility
- ❖ “Old Fashioned” pricing in by 10 a.m. with award by 4 p.m. the same day
- ❖ Internet auction pricing awarded either the same day or by close of business the day following the auction (decision based on response times needed by customers)



GSA National Renewable Power

- ❖ GSA is purchasing renewable under its power contracts in TX, PA, DC/MD, NY, NJ, and CA
- ❖ GSA is buying renewable power for EPA in OH, MA & PA **and will soon in DC**
- ❖ GSA is buying renewable for DOE, USDA, World Bank, Dept. of Interior, Dept. of Labor and GSA in DC/MD totaling about 4 million kWh/mo
- ❖ GSA purchases renewable for the Liberty Bell in Philadelphia
- ❖ GSA anticipates significant purchases of renewable by both GSA and other Federal agencies in the next few years



GSA R- 2 Renewable

- ❖ 92 million kWh annually of renewable for the United Nations, American Red Cross, Coast Guard, EPA (290 Broadway NY and Edison Lab NJ), National Park Service's State of Liberty, SSA, and GSA.
- ❖ GSA is buying 75 million kWh of the renewable power in R-2 which is 13 times more than the Federal goal for green power (2.5%).
- ❖ Different contract terms and blends awarded for different escos.
- ❖ Premiums for green power varied based on blends, zones and percentages.



GSA R- 2 Renewable (Cont.)

- ❖ GSA R-2 uses procurement experts, the team of SAIC and World Energy Solutions (WES), to assist with solicitation creation, supplier marketing, national renewable power expertise, data aggregation, utility rate benchmarking and reverse auctions
- ❖ Over \$278M in electricity contract awards in NY / NJ in six utilities all with no-upfront cost to GSA or GSA customers (100% performance based payment)
- ❖ Allows GSA to request generic and renewable power prices and terms and easily calculate any premiums



GSA R- 2 Renewable (Cont.)

- ❖ Energy Service Companies which submitted the lowest fixed price per kWh for renewable and non renewable power were awarded contracts by GSA. (Constellation New Energy, Con Edison Solutions, First Energy, and Pepco).



Attestation of Renewable Attributes

- ❖ Green-e Certification Program Center for Resource Solutions in CA.
- ❖ New York State Public Service Commission Orders such as Case 94-E0952.
- ❖ Semi Annual Reports from escos. Environmental Labels from the NYSPSC and NJ Board of Public Utilities



Environmental Benefits

- ❖ Decrease in the release of Sulfur Dioxide of 241,000 lbs per year; decrease in release of Nitrogen Oxides of 44,915 lbs per year; decrease in Carbon Dioxide of 64,599,974 lbs per year.



GSA Renewable Services

- ❖ GSA has the expertise to:
- ❖ Perform research on feasibility of buying renewable
- ❖ Prepare RFP and Statement of Work
- ❖ Evaluate bids for technical and financial soundness;
Award and monitor contract



Conclusion

- ❖ In select markets, electricity is becoming a commodity at both the wholesale and retail level
- ❖ Power markets are still immature and the post-ENRON fallout has slowed market development
- ❖ Natural gas is driving electric pricing and increasing off peak power prices and volatility
- ❖ Renewable power is poised to take off and, contrary to expectations, price premiums are low or non-existent in some markets
- ❖ Price risk management will be a growing concern
- ❖ Sharp divide regulated/deregulated states



Point of Contact

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